

104TH CONGRESS  
1ST SESSION

# H. R. 873

To amend the Helium Act to require the Secretary of the Interior to sell Federal real and personal property held in connection with activities carried out under the Helium Act, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DATE FEBRUARY 9, 1995

Mr. COX (for himself, Mr. FRANK of Massachusetts, Mr. ACKERMAN, Mr. BALLENGER, Mr. BARRETT of Nebraska, Mr. BEREUTER, Mr. BLUTE, Mr. BONO, Mr. CUNNINGHAM, Mr. DEUTSCH, Mr. DORNAN, Ms. DUNN of Washington, Mr. FOLEY, Mrs. FOWLER, Mr. GOSS, Mr. GUTKNECHT, Mr. HASTINGS of Washington, Mr. HEFLEY, Mr. HEINEMAN, Mr. HOLDEN, Mr. HORN, Mr. INGLIS of South Carolina, Mr. JACOBS, Mrs. KELLY, Mr. KING, Mr. KLUG, Mr. KNOLLENBERG, Mr. LEVIN, Mr. LINDER, Ms. LOFGREN, Ms. MOLINARI, Mr. NORWOOD, Mr. QUINN, Mr. PACKARD, Mr. PAXON, Mr. PORTMAN, Mr. ROEMER, Mr. ROHRABACHER, Ms. ROSLEHTINEN, Mr. ROYCE, Mr. SANDERS, Mrs. SEASTRAND, Mr. SENSENBRENNER, Mr. SPRATT, Mr. STARK, Mr. VISCLOSKY, Mrs. WALDHOLTZ, Mr. WALSH, and Mr. ZIMMER) introduced the following bill; which was referred to the Committee on Resources

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## A BILL

To amend the Helium Act to require the Secretary of the Interior to sell Federal real and personal property held in connection with activities carried out under the Helium Act, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE AND FINDINGS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Helium Privatization Act of 1995”.

4 (b) FINDINGS.—The Congress finds that—

5 (1) the United States Government’s helium re-  
6 covery program was instituted in 1925, when helium  
7 conservation was deemed to be a matter of national  
8 security and no private sector helium recovery indus-  
9 try existed;

10 (2) today, as compared to 1925, there is little  
11 likelihood that the United States will have to field a  
12 fleet of blimps on an emergency basis;

13 (3) private sources of helium are more than  
14 adequate for serving existing and foreseeable future  
15 national needs;

16 (4) since 1925, there has been a dramatic in-  
17 crease in private industry’s involvement in helium  
18 recovery, as a result of the free market discovery of  
19 numerous commercial uses for helium;

20 (5) currently, private industry accounts for 90  
21 percent of all helium extraction and consumption;

22 (6) the Government’s helium recovery program  
23 currently owes the Department of the Treasury  
24 \$1,400,000,000 and in recent years has lost as  
25 much as an additional \$120,000,000 yearly on inter-

1 est alone, and there is no prospect for repayment of  
2 this debt without significant reform; and

3 (7) with combined public and private helium re-  
4 serves considerably in excess of foreseeable national  
5 helium needs, there is no longer any need for the  
6 Federal Government to own and operate a helium  
7 extraction and reserve program.

8 **SEC. 2. AMENDMENT OF HELIUM ACT.**

9 Except as otherwise expressly provided, whenever in  
10 this Act an amendment or repeal is expressed in terms  
11 of an amendment to, or repeal of, a section or other provi-  
12 sion, the reference shall be considered to be made to a  
13 section or other provision of the Helium Act (50 U.S.C.  
14 167 to 167n).

15 **SEC. 3. AUTHORITY OF SECRETARY.**

16 Sections 3, 4, and 5 are amended to read as follows:

17 **“SEC. 3. AUTHORITY OF SECRETARY.**

18 “(a) EXTRACTION AND DISPOSAL OF HELIUM ON  
19 FEDERAL LANDS.—(1) The Secretary may enter into  
20 agreements with private parties for the recovery and dis-  
21 posal of helium on Federal lands upon such terms and  
22 conditions as he deems fair, reasonable and necessary. The  
23 Secretary may grant leasehold rights to any such helium.  
24 The Secretary may not enter into any agreement by which  
25 the Secretary sells such helium other than to a private

1 party with whom the Secretary has an agreement for re-  
2 covery and disposal of helium. Such agreements may be  
3 subject to such rules and regulations as may be prescribed  
4 by the Secretary.

5 “(2) Any agreement under this subsection shall be  
6 subject to the existing rights of any affected Federal oil  
7 and gas lessee. Each such agreement (and any extension  
8 or renewal thereof) shall contain such terms and condi-  
9 tions as deemed appropriate by the Secretary.

10 “(3) This subsection shall not in any manner affect  
11 or diminish the rights and obligations of the Secretary and  
12 private parties under agreements to dispose of helium pro-  
13 duced from Federal lands in existence at the enactment  
14 of the Helium Privatization Act of 1995 except to the ex-  
15 tent that such agreements are renewed or extended after  
16 such date.

17 “(b) STORAGE, TRANSPORTATION, AND SALE.—The  
18 Secretary is authorized to store, transport, and sell helium  
19 only in accordance with this Act.

20 “(c) MONITORING AND REPORTING.—The Secretary  
21 is authorized to monitor helium production and helium re-  
22 serves in the United States and to periodically prepare re-  
23 ports regarding the amounts of helium produced and the  
24 quantity of crude helium in storage in the United States.

1 **“SEC. 4. STORAGE AND TRANSPORTATION OF CRUDE**  
2 **HELIUM.**

3 “(a) STORAGE AND TRANSPORTATION.—The Sec-  
4 retary is authorized to store and transport crude helium  
5 and to maintain and operate existing crude helium storage  
6 at the Bureau of Mines Cliffside Field, together with relat-  
7 ed helium transportation and withdrawal facilities.

8 “(b) CESSATION OF PRODUCTION, REFINING, AND  
9 MARKETING.—Effective one year after the date of enact-  
10 ment of the Helium Privatization Act of 1995, the Sec-  
11 retary shall cease producing, refining and marketing re-  
12 fined helium and shall cease carrying out all other activi-  
13 ties relating to helium which the Secretary was authorized  
14 to carry out under this Act before the date of enactment  
15 of the Helium Privatization Act of 1995, except those ac-  
16 tivities described in subsection (a). The amount of helium  
17 reserves owned by the United States and stored in the Bu-  
18 reau of Mines Cliffside Field at such date of cessation,  
19 less 600,000,000 cubic feet, shall be the helium reserves  
20 owned by the United States required to be sold pursuant  
21 to section 8(b) hereof.

22 “(c) DISPOSAL OF FACILITIES.—(1) Within one year  
23 after the date of enactment of the Helium Privatization  
24 Act of 1995, the Secretary shall dispose of all facilities,  
25 equipment, and other real and personal property, together  
26 with all interests therein, held by the United States for

1 the purpose of producing, refining and marketing refined  
2 helium. The disposal of such property shall be in accord-  
3 ance with the provisions of law governing the disposal of  
4 excess or surplus properties of the United States.

5       “(2) All proceeds accruing to the United States by  
6 reason of the sale or other disposal of such property shall  
7 be treated as moneys received under this chapter for pur-  
8 poses of section 6(f). All costs associated with such sale  
9 and disposal (including costs associated with termination  
10 of personnel) and with the cessation of activities under  
11 subsection (b) shall be paid from amounts available in the  
12 helium production fund established under section 6(f).

13       “(3) Paragraph (1) shall not apply to any facilities,  
14 equipment, or other real or personal property, or any in-  
15 terest therein, necessary for the storage and transpor-  
16 tation of crude helium or any equipment needed to main-  
17 tain the purity, quality control, and quality assurance of  
18 helium in the reserve.

19       “(d) EXISTING CONTRACTS.—All contracts which  
20 were entered into by any person with the Secretary for  
21 the purchase by such person from the Secretary of refined  
22 helium and which are in effect on the date of the enact-  
23 ment of the Helium Privatization Act of 1995 shall remain  
24 in force and effect until the date on which the facilities  
25 referred to in subsection (c) are disposed of. Any costs

1 associated with the termination of such contracts shall be  
2 paid from the helium production fund established under  
3 section 6(f).

4 **“SEC. 5. FEES FOR STORAGE, TRANSPORTATION AND WITH-**  
5 **DRAWAL.**

6 “Whenever the Secretary provides helium storage,  
7 withdrawal, or transportation services to any person, the  
8 Secretary is authorized and directed to impose fees on  
9 such person to reimburse the Secretary for the full costs  
10 of providing such storage, transportation, and withdrawal.  
11 All such fees received by the Secretary shall be treated  
12 as moneys received under this Act for purposes of section  
13 6(f).”.

14 **SEC. 4. SALE OF CRUDE HELIUM.**

15 Section 6 is amended as follows:

16 (1) Subsection (a) is amended by striking out  
17 “from the Secretary” and inserting “from persons  
18 who have entered into enforceable contracts to pur-  
19 chase an equivalent amount of crude helium from  
20 the Secretary”.

21 (2) Subsection (b) is amended by inserting  
22 “crude” before “helium” and by adding the follow-  
23 ing at the end thereof: “Except as may be required  
24 by reason of subsection (a), the Secretary shall not  
25 make sales of crude helium under this section in

1 such amounts as will disrupt the market price of  
2 crude helium.”.

3 (3) Subsection (c) is amended by inserting  
4 “crude” before “helium” after the words “Sales of”  
5 and by striking “together with interest as provided  
6 in this subsection” and all that follows down  
7 through the period at the end of such subsection and  
8 inserting the following:

9 “all funds required to be repaid to the United States as  
10 of October 1, 1993, under this section (hereinafter re-  
11 ferred to as ‘repayable amounts’). The price at which  
12 crude helium is sold by the Secretary shall not be less than  
13 the amount determined by the Secretary as follows:

14 “(1) Divide the outstanding amount of such re-  
15 payable amounts by the volume (in mcf) of crude he-  
16 lium owned by the United States and stored in the  
17 Bureau of Mines Cliffside Field at the time of the  
18 sale concerned.

19 “(2) Adjust the amount determined under para-  
20 graph (1) by the Consumer Price Index for years be-  
21 ginning after December 31, 1993.”.

22 (4) Subsection (d) is amended to read as fol-  
23 lows:

24 “(d) EXTRACTION OF HELIUM FROM DEPOSITS ON  
25 FEDERAL LANDS.—All moneys received by the Secretary

1 from the sale or disposition of helium on Federal lands  
2 shall be paid to the Treasury and credited against the  
3 amounts required to be repaid to the Treasury under sub-  
4 section (c) of this section.”.

5 (5) Subsection (e) is repealed.

6 (6) Subsection (f) is amended by inserting  
7 “(1)” after “(f)” and by adding the following at the  
8 end thereof:

9 “(2) Within 7 days after the commencement of each  
10 fiscal year after the disposal of the facilities referred to  
11 in section 4(c), all amounts in such fund in excess of  
12 \$2,000,000 (or such lesser sum as the Secretary deems  
13 necessary to carry out this Act during such fiscal year)  
14 shall be paid to the Treasury and credited as provided in  
15 paragraph (1). Upon repayment of all amounts referred  
16 to in subsection (c), the fund established under this sec-  
17 tion shall be terminated and all moneys received under this  
18 Act shall be deposited in the Treasury as General Reve-  
19 nues.”.

20 **SEC. 5. ELIMINATION OF STOCKPILE.**

21 Section 8 is amended to read as follows:

22 **“SEC. 8. ELIMINATION OF STOCKPILE.**

23 “(a) REVIEW OF RESERVES.—The Secretary shall re-  
24 view annually the known helium reserves in the United  
25 States and make a determination as to the expected life

1 of the domestic helium reserves (other than federally  
2 owned helium stored at the Cliffside Reservoir) at that  
3 time.

4 “(b) STOCKPILE SALES.—Not later than January 1,  
5 2004, the Secretary shall commence offering for sale crude  
6 helium from helium reserves owned by the United States  
7 in such minimum annual amounts as would be necessary  
8 to dispose of all such helium reserves in excess of  
9 600,000,000 cubic feet (mcf) on a straight-line basis be-  
10 tween such date and January 1, 2014; provided that the  
11 minimum price for all such sales, as determined by the  
12 Secretary in consultation with the helium industry, shall  
13 be such as will ensure repayment of the amounts required  
14 to be repaid to the Treasury under section 6(c), and pro-  
15 vided further that the minimum annual sales requirement  
16 may be deferred only if, and to the extent that, the Sec-  
17 retary is unable to arrange sales at the minimum price.  
18 The sales shall be at such times during each year and in  
19 such lots as the Secretary determines, in consultation with  
20 the helium industry, are necessary to carry out this sub-  
21 section with minimum market disruption.

22 “(c) DISCOVERY OF ADDITIONAL RESERVES.—The  
23 discovery of additional helium reserves shall not affect the  
24 duty of the Secretary to make sales of helium as provided  
25 in subsection (b), as the case may be.”.

1 **SEC. 6. REPEAL OF AUTHORITY TO BORROW.**

2 Sections 12 and 15 are repealed.

3 **SEC. 7. REPORTS.**

4 Section 16 is amended by redesignating existing sec-  
5 tion 16 as section 16(a) and inserting the following at the  
6 end thereof:

7 “(b)(1) The Inspector General of the Department of  
8 the Interior shall cause to be prepared, not later than  
9 March 31 following each fiscal year commencing with the  
10 date of enactment of the Helium Privatization Act of  
11 1995, annual financial statements for the Helium Oper-  
12 ations of the Bureau of Mines. The Director of the Bureau  
13 of Mines shall cooperate with the Inspector General in ful-  
14 filling this requirement, and shall provide him with such  
15 personnel and accounting assistance as may be necessary  
16 for that purpose. The financial statements shall be audited  
17 by the General Accounting Office, and a report on such  
18 audit shall be delivered by the General Accounting Office  
19 to the Secretary of the Interior and Congress, not later  
20 than June 30 following the end of the fiscal year for which  
21 they are prepared. The audit shall be prepared in accord-  
22 ance with generally accepted government auditing stand-  
23 ards.

24 “(2) The financial statements shall be comprised of  
25 the following:

1           “(A) A balance sheet reflecting the overall fi-  
2           nancial position of the Helium Operations, including  
3           assets and liabilities thereof;

4           “(B) the Statement of Operations, reflecting  
5           the fiscal period results of the Helium Operations;

6           “(C) a statement cash flows or changes in fi-  
7           nancial position of the Helium Operations; and

8           “(D) a reconciliation of budget reports of the  
9           Helium Operations.

10          “(3) The Statement of Operations shall include but  
11          not be limited to the revenues from, and costs of, sales  
12          of crude helium, the storage and transportation of crude  
13          helium, the production, refining and marketing of refined  
14          helium, and the maintenance and operation of helium stor-  
15          age facilities at the Bureau of Mines Cliffside Field. The  
16          term ‘revenues’ for this purpose shall exclude (A) royalties  
17          paid to the United States for production of helium or other  
18          extraction of resources, except to the extent that the He-  
19          lium Operations incur direct costs in connection therewith,  
20          and (B) proceeds from sales of assets other than inven-  
21          tory. The term ‘expenses’ shall include, but not be limited  
22          to (i) all labor costs of the Bureau of Mines Helium Oper-  
23          ations, and of the Department of the Interior in connec-  
24          tion therewith, and (ii) for financial reporting purposes  
25          but not in connection with the determination of sales

1 prices in section 6(c), all current-period interest on out-  
2 standing repayable amounts (as described in section 6(c))  
3 calculated at the same rates as such interest was cal-  
4 culated prior to the enactment of the Helium Privatization  
5 Act of 1995.

6 “(4) The balance sheet shall include, but not be lim-  
7 ited to, on the asset side, the present discounted market  
8 value of crude helium reserves; and on the liability side,  
9 the accrued liability for principal and interest on debt to  
10 the United States. For financial reporting purposes but  
11 not in connection with the determination of sales prices  
12 in section 6(c), the balance sheet shall also include accrued  
13 but unpaid interest on outstanding repayable amounts (as  
14 described in section 6(c)) through the date of the report,  
15 calculated at the same rates as such interest was cal-  
16 culated prior to the enactment of the Helium Privatization  
17 Act of 1995.”.

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